

EXECUTIVE SUMMARY

INTRODUCTION

Shrewsbury's Electric Light Plant (SELP) as Licensee and the provider of cable television services through Shrewsbury's Community Cablevision (SCC) to the residents of Shrewsbury, Massachusetts submit to the Town of Shrewsbury (Town) a formal request for a renewal license to operate a cable television system in accordance with Massachusetts Cable Television Division Regulations, 207 CMR 3.00:Licensing.

The License documents, including a part of the renewal license request, are as follows:

1. Review of Compliance with the existing license.
2. Future plans for use, operation, and upgrade of the system.
3. Cable television license provisions.
4. CATV Form 100 – as required by the Commonwealth of Massachusetts.

REVIEW OF COMPLIANCE

Shrewsbury's Community Cablevision has successfully and competently fulfilled its obligation to provide cable television services to the Town of Shrewsbury as presented and required by the License Agreement dated February 1, 1993 and approved by the Board of Selectmen, Issuing Authority, March 8, 1993.

- SCC completed a rebuild of the cable television system with an 870Mhz HFC 250 homes to node architecture in the winter of 2000.
- The rebuild project was completed for \$800,000 less than the budget presented to the Town meeting in 1998.
- SCC is offering competitive Internet and video services including very recently being the first cable system in Massachusetts to offer High Definition Television (HDTV) services.
- The rate for Basic and Expanded Basic services are significantly less than the cost for similar services provided by other cable systems.
- When requested, SCC activated additional Public Education Government (PEG) access channels, the Educational Channel in 1996 and the Governmental Channel in 2001.

- SCC has upgraded the Institutional Network from a coaxial cable system to a fiber optics cable network.
- SCC, on its own initiative, provided Internet access over the I-Net to all Town and school buildings.
- SCC continues to allow the Issuing Authority the right to approve/disapprove proposed CATV rate adjustments.
- SCC has provided the Town with a license fee over twice the maximum allowed under the law.
- A recent customer satisfaction survey showed that 86.2% of our subscribers are satisfied with SCC's services.

FUTURE PLANS

SCC expects continued changes in video programming market and more importantly, how the programs are offered to subscribers.

SCC has the technological infrastructure in place to provide customers with opportunities to access video programming on an "on demand" basis. A Video On Demand (VOD) system for implementation in Shrewsbury is currently being investigated.

It is highly probable that Internet usage will increase in both numbers of users and bandwidth requirements. SCC is positioned to meet these growing needs.

LICENSE AGREEMENT

The key points of the License Agreement are:

1. **Rate Approval Authority (Sec. 8.1c)** – The existing procedure of SCC seeking approval for rate adjustments by the Board of Selectmen will continue.
2. **Franchise Fee (Sec. 7.1)** – The franchise fee paid to the Town will continue. The formula is 5% of total revenue. This is significantly more than what would be paid by private cable operators because SCC includes Internet revenue. The courts have ruled (but the ruling is under appeal) that Internet revenue is excluded when calculating the Franchise fee. Also, the 5% maximum Franchise fee set by law to be paid by the cable operator includes payments made to both the Town and for PEG. When considering both the cost of PEG Access and Franchise fee to the Town, SCC's payment is in excess of 10%.

3. **Support of Public, Educational and Government (PEG) Access (Sec. 6)** – SCC is proposing a change to the formula for payment to PEG support from 3% of Signal Sales to 3% of Revenue (less Internet revenue) that will result in an increase payment in year one of about \$16,000. Other PEG support provisions include three full-time employees, space provided for studios and building maintenance, and direct access to PEG channels for inserting programming are unchanged from the existing License.

Should the courts rule that Internet revenue is considered CATV revenue for the purpose of calculating the Franchise fee, SCC will adjust the formula and the payment to PEG could increase by approximately \$54,000 per year.

SCC agrees to consider additional channel capacity or alternative signal delivery system, perhaps VOD, if there is an identifiable need.

SCC will continue its dialogue with the public access advisory board on matters affecting its ability to meet the community's need for public access.

4. **Institutional Network (Sec. 5.8)** – SCC agrees to continue to improve and enhance the I-Net to meet the growing needs of the Town and schools.

The other standard language in the License Agreement more closely matches the agreements of other cable operators across the state.